

September 7, 2016

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah State University – Series 2016 Student Fee and Housing System Revenue Bonds

Issue

Regent policy R590, *Issuance of Bonds for Colleges and Universities*, requires that the Office of the Commissioner prepare a report that outlines the final pricing for bonds approved by the Regents at the next scheduled meeting after the bond issuance is complete. This report is for the Utah State University (USU) Series 2016 Student Fee and Housing System Revenue Bonds.

Background

On June 23, 2016 USU sold revenue bonds to finance the acquisition of the Blue Square apartment complex in Logan, Utah as authorized by House Bill 9, *Revenue Bond Amendments* from the 2016 legislative General Session. Bonds were issued through a competitive sale with Hutchinson, Shockey, Erley & Co. winning the bid to act as underwriter with the lowest borrowing costs out of seven bidders. The bonds closed on July 6, 2016.

The bond sale conformed to all of the parameters approved by the Regents on May 20, 2016. The following is a brief summary of the results:

- Final Par Amount of the Bonds \$19,540,000
- True Interest Cost (TIC) 2.89%
- Maximum Coupon Rate 5.00%
- Maturity Date 29.7 years

Additional details about the bond issue may be found in the attached Financing Summary with final pricing results in red type face.

Commissioner's Recommendation

This is an information item; no action is required.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachment

**Utah State University
Student Fee and Housing System Revenue Bonds, Series 2016
Final Summary Sheet**

Proposed Issue: Student Fee and Housing System Revenue Bonds

Total Approximate Issue Size: \$19,150,000 (Final par amount: \$19,540,000)

Use of Funds: To provide up to \$20,000,000 to acquire the Blue Square apartment complex; satisfy any reserve fund requirements; and pay associated costs of issuance.

Detail of Proposed Series 2016 Bonds:

Principal Amount: Not to exceed \$20,500,000
(\$19,540,000)

Interest Rate: Not to exceed 5.5% (max coupon of 5% and True Interest Cost of 2.89%)

Maturity Date: Not to exceed 31 years (29.7 Years)

Aggregate Discount: Not to exceed 2% (Premium bid of 103.3%)

Underwriter's Discount: Not to exceed 2% (0.954%)

Bond Rating: AA from S&P (Rating confirmed, Insurance and Surety Bond provided by Assured Guaranty)

Source of Repayment: Housing System Revenues

Timetable Considerations: Regent approval will be sought at the May 20 meeting. The University is proceeding with plans to sell bonds soon after Regent approval is received, with a tentative sale date planned for June 1, 2016. The University anticipates selling bonds by competitive sale, and the underwriter will be whichever bidder provides the lowest borrowing cost (as a combination of interest rates and fees) to the University. The University may also sell its Taxable Research Revenue Bonds by negotiated sale close to or on the same day. The anticipated closing date is Wednesday, June 22. (The bonds were sold on June 23rd to Hutchinson, Shockey, Erley & Co. by competitive sale. The transaction closed on July 6, 2016)

09:48:03 a.m. MDST	Upcoming Calendar	Overview	Compare	Summary
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Bid Results

Utah BOR
\$19,150,000 Utah State University Student Fee and Housing System Revenue Bonds, Series 2016

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC. Click on the name of each bidder to see the respective bids.

Bid Award*		Bidder Name	TIC
<input checked="" type="checkbox"/>	Reoffering	Hutchinson, Shockey, Erley & Co.	2.899848
<input type="checkbox"/>		Robert W. Baird & Co., Inc.	2.914197
<input type="checkbox"/>		Jefferies LLC	2.943817
<input type="checkbox"/>		Morgan Stanley & Co, LLC	2.966134
<input type="checkbox"/>		Wells Fargo Bank, National Association	2.999999
<input type="checkbox"/>		Janney Montgomery Scott LLC	3.073403
<input type="checkbox"/>		Citigroup Global Markets Inc.	3.170649

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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